

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤

➤ Clearinghouse Rules ... CRule

➤

➤ Committee Hearings ... CH

➤

➤ Committee Reports ... CR

➤

➤ Executive Sessions ... ES

➤

➤ Hearing Records ... HR

➤

➤ Miscellaneous ... Misc

➤ 97hr_JC-Fi_Misc_pt07i_DPR

➤ Record of Comm. Proceedings ... RCP

➤

Joint Finance

16.515 / 16.505

14 Day Passive
Reviews

12/9/97 -

2/9/98

Block Grant/DWD
12/29/97

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

Room 202, 119 Martin Luther King Blvd.
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

TO: Members
Joint Committee on Finance

FROM: Senator Brian Burke, Co-Chair
Representative John Gard, Co-Chair

RE: TANF Block Grant Amendment

Attached is a letter from Ms. Linda Stewart, Secretary of the Department of Workforce Development, which amends the Governor's request for expenditure of federal block grant funds under the Temporary Assistance for Needy Families program.

The Committee will consider this amendment during its February 10 executive session.

BB/JG/jc
Attachment

Tommy G. Thompson
Governor

Linda Stewart
Secretary

Orlando J. Canto
Division Administrator



ADMINISTRATIVE SERVICES
201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946
<http://www.dwd.state.wi.us/>

State of Wisconsin
Department of Workforce Development

February 3, 1998

The Honorable Brian Burke
Senate Chair, Joint Committee on Finance
119 Martin Luther King Jr. Boulevard, Lower Level 1
Madison, WI 53702

The Honorable John Gard
Assembly Chair, Joint Committee on Finance
315 North State Capitol
Madison, WI 53702

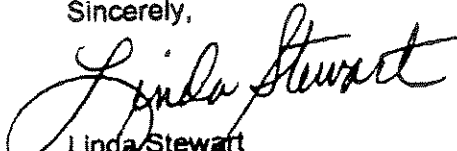
Dear Senator Burke and Representative Gard:

In a letter dated April 24, 1997 to the Joint Committee on Finance co-chairs regarding changes to the W-2 budget, the Department of Administration indicated that our department would evaluate the actual AFDC caseload as of October 1, 1997 in Milwaukee County in order to evaluate the need for the \$21 million benefit reserve for Milwaukee County.

Based upon an analysis of the caseload as of October 1, we have recalculated the funding needed for the Milwaukee County benefit supplement to be \$18.2 million in the 1997-99 biennium. Using a caseload in Milwaukee County of 16,425 as of October 1 and the increased benefit level approved in 1997 Wisconsin Act 27, the Department estimates a funding need of \$169.8 million for benefit payments in the biennium. The amount approved in the budget for Milwaukee County benefits prior to the benefit supplement was \$151.6 million. As a result, the Department now requests that the \$18.2 million difference between the need based on the October 1 caseload and the RFP amount be released for inclusion in the Milwaukee County W-2 contracts.

The Department asks that the remaining \$2.8 million approved for the benefit supplement continue to be reserved for use in Milwaukee County should there be a change in the caseload in Milwaukee County.

Sincerely,


Linda Stewart
Secretary



STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

LL1 119 Martin Luther King Blvd.
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ASSEMBLY CHAIR
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JOINT COMMITTEE ON FINANCE

December 29, 1997

The Honorable Governor Tommy G. Thompson
Room 115 East, State Capitol
Madison, WI 53702

Dear Governor Thompson:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated December 5, 1997, pursuant to s. 16.54(2)(a)2, pertaining to federal block grant funds under the temporary assistance to needy families (TANF) program for 1997-98.

The Committee will schedule a meeting to further consider this request. Therefore, the request is not approved.

Sincerely,

Handwritten signature of Brian Burke in cursive.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in cursive.

JOHN GARD
Assembly Chair

BB/JG/ca

cc: Members, Joint Committee on Finance
Jay Huemmer, DOA

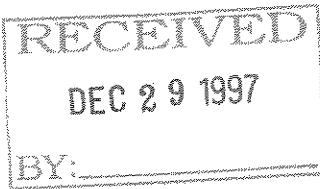
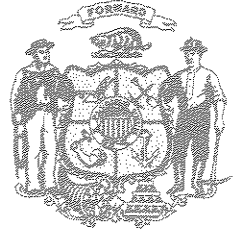
State Senator

JOE WINEKE

State Capitol, P.O. Box 7882, Madison, WI 53707-7882

(608) 266-6670

State of
Wisconsin



December 26, 1997

Senator Brian Burke, Co-Chair
Joint Committee on Finance
119 MLK, LL 1
Madison, WI 53707

Representative John Gard, Co-Chair
Joint Committee on Finance
315 North, State Capitol
Madison, WI 53708

Dear Senator Burke and Representative Gard:

I would like to raise an objection to the December 8th request from the Governor for the expenditure of TANF funds brought before us under Wisconsin statute 16.54(2)(a)2.

I am particularly concerned with the reallocation of resources in Milwaukee County. The proposal puts forward plans for the expenditure of \$26,799,500. Due, in part, to the amount of these expenditures, I believe the Committee should take a closer look at this request.

I, therefore, ask that the Committee meet formally to consider this request.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Joe Wineke', written over the printed name and title.

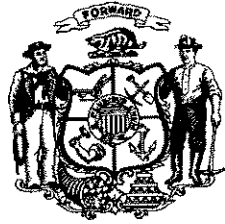
JOSEPH WINEKE
State Senator
27th Senate District

JW:cmr

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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ASSEMBLY CHAIR
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: December 8, 1997

Re: Request for Expenditure of Block Grant Funds

Attached is a copy of a request from the Governor requesting approval for the expenditure of block grant funds being made available to the state by the federal government. Pursuant to s. 16.54(2)(a)2, Stats., the Governor may not encumber or expend federal block grant funds authorized under any federal law enacted after August 31, 1995, without notifying the Joint Committee on Finance of the grant and the proposed expenditures. If the Co-Chairs of the Committee do not notify the Governor within 14 working days after receiving the request that a meeting has been scheduled to review the proposal, the moneys may be expended.

The attached request concerns proposed modifications to the Temporary Assistance for Needy Families (TANF) program. Please review this item and notify **Senator Burke** or **Representative Gard** no later than **Monday, December 29, 1997**, if you have any concerns about the request or would like the Committee to meet formally to consider it.

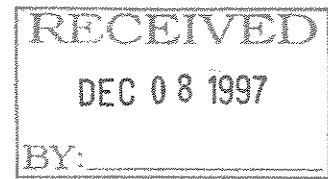
Also, please contact us if you need further information.

BB:JG:jc



TOMMY G. THOMPSON

Governor
State of Wisconsin



The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
100 North Hamilton Street, Room 302
Madison, Wisconsin 53707

The Honorable John Gard, Co-Chair
Joint Committee on Finance
State Capitol, 315 North
Madison, Wisconsin 53707

SUBJECT: Notification of Federal Block Grant

Dear Senator Burke and Representative Gard:

Attached is a request for expenditure of block grant funds being made available to the state by the federal government. Pursuant to s. 16.54(2)(a)2., the grant funds will be made available for encumbering through the allotment process within 14 working days after the date of this notification letter, unless you notify me that a meeting has been scheduled for the Joint Committee on Finance to review the proposed expenditure of grant monies.

Please also contact State Budget Director Richard G. Chandler (266-1035) in the Department of Administration if you have any additional questions or if you schedule a meeting to review the proposed expenditure.

Thank you for your prompt attention to this notification letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Tommy G. Thompson".

TOMMY G. THOMPSON
Governor

Date: _____

12/5/97

Attachments



Tommy G. Thompson
Governor

Linda Stewart
Secretary



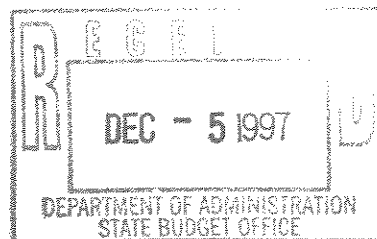
State of Wisconsin

Department of Workforce Development

OFFICE OF THE SECRETARY
201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946
Telephone: (608) 266-7552
Fax: (608) 266-1784
<http://www.dwd.state.wi.us/>

December 3, 1997

Mr. Mark Bugher, Secretary
Department of Administration
DOA State Office Building, 10th Floor
Madison, Wisconsin 53702



Dear Secretary Bugher:

Pursuant to s. 16.54(2)(a) and s. 49.175(2)(b) Wisconsin Statutes, the Department of Workforce Development requests modifications to its Temporary Assistance for Needy Families (TANF) block grant plan approved on September 2, 1997 under s. 16.54.

On July 21, 1997 the Department submitted an interim TANF block grant plan for 1997-98. Because of the delay in the passage of the biennial budget bill, the interim plan was based upon the TANF expenditure plan approved by the Joint Committee on Finance as part of its action on the biennial budget pending the passage of the final bill. The Department now requests modifications to the interim plan based upon Act 27 biennial budget changes and reestimates of 1997-98 expenditures, both to reflect that some of the funding allocated in 1996-97 will not be expended until 1997-98 and that more recent data is available upon which to reestimate items that were originally budgeted in 1997-98.

Also, because of expressed legislative interest, this letter also explains the allocation of resources in Milwaukee County for implementation of W-2.

TANF Expenditure Plan Changes

Legislative Action. With the passage of the biennial budget, this plan is being updated to include changes from the JFC-passed version of the budget resulting from the completion of action by the Legislature and the Governor. The major changes include: 1) a reestimate of the carryover from 1996-97 from \$83,526,600 to \$91,526,600, an increase in revenue available of \$8,000,000; 2) a reestimate of child support collections from \$55,818,000 to \$49,538,600 and a reestimate of child support payments from \$37,929,600 to \$30,791,500, for a net increase in funds available of \$858,700; and 3) the creation of a local child support incentive funded from the state share of child support collections at a cost of \$3,178,000 to offset reduced federal child support incentives. Also, the TANF plan approved in September had shown \$104,000 approved by JFC for the Milwaukee County liaison, while the amount approved by JFC was actually \$59,200, which results in a decrease in expenditures of \$44,800 in 1997-98. The net result of these changes is an increase in the TANF balance in 1997-98 of \$5,725,500.



Final passage of the budget resulted in modifications to the plan that do not have a fiscal impact from the amounts approved by JFC, but could not be implemented until passage of the budget. These include replacement of the Youth Village program with the Passports for Youth program, conversion of children with SSI parents from the AFDC program to the \$77 SSI Caretaker supplement program, higher CSJ and W-2 Transition cash benefits, child care eligibility changes, transfer of TANF to DHFS' Community Aids program, funding for hospital paternity incentives and the Milwaukee County liaison and various statutory language changes needed to bring the state into compliance with federal welfare reform law. With the passage of the biennial budget, the Department now has the authority to implement these provisions. Child care eligibility changes were implemented on November 1, 1997 and the benefit amounts were raised effective December 1, 1997. The Department intends to fully implement the conversion of all of the eligible AFDC cases to the \$77 SSI Caretaker program on January 1.

1996-97 Reestimates. In addition, the Department has done a reestimate of child care, AFDC and W-2 start-up expenditures for 1996-97. The budget as passed assumed direct child care expenditures in 1996-97 of \$69.6 million. The actual amount of expenditures was \$62.5 million, so an additional \$7.1 million is available for carryover from 1996-97.

AFDC expenditures reported in 1996-97 were \$216.6 million, which exceeded the budget, and thus reduces the 1996-97 carryover, by \$7 million. However, the entry to transfer the state share of child support collections from the child support collections appropriation to the AFDC appropriation was not made in 1996-97. As a result, \$12.1 million of revenue that would have gone to reduce GPR costs in 1996-97 was not reflected in that year. Actual AFDC costs, had the entry been done, would have been \$204.5 million, or \$5.1 million below the budget projection. The \$12.1 million will be available to offset AFDC expenditures in 1997-98.

Because additional start-up funding was not approved until May, the claims for the \$21.85 million start-up were not reported in 1996-97, but will be in 1997-98. This increases the 1996-97 carryover by \$21.85 million.

The net effect of these three items is to increase the carryover from 1996-97 by \$21.95 million.

1997-98 Reestimates. In addition to the need for additional expenditure authority of \$21.85 million for W-2 start-up, the Department requests a change in the expenditure authority for AFDC benefits. The biennial budget for AFDC benefits was based on estimates for July and August 1997, under the assumption that W-2 would start September 1, 1997. Any AFDC benefits paid after September 1, 1997 would be deducted from the W-2 agencies' allocations. This approach, however, also assumed that those AFDC cases that would be converted to either the kinship care program or the \$77 SSI Caretaker supplement program would be converted by September 1, 1997. This will not be the case. First, counties have until December 31, 1997 to assess and convert the appropriate AFDC cases to kinship care. Further, as indicated above, the cases that will get the \$77 SSI Caretaker supplement instead of AFDC will not convert until January 1, 1998. Based on these factors and actual year-to-date expenditures, the Department now estimates that it will spend \$38.55 million for AFDC benefits

in 1997-98 rather than \$28.4 million. However this \$38.55 million is offset by the \$12.1 million in revenue available from the state share of 1996-97 child support collections described in the previous section. The net effect of the increased AFDC expenditures and the child support collections revenue available from 1996-97 is a reduction in the AFDC benefits line of \$1.95 million.

In analyzing the conversion of the calendar year contracts to state fiscal years, we have discovered that \$9 million funding was provided in the biennial budget for the contingency fund for CY 1997. The total contingency fund was budgeted at \$25 million over the length of the contract, however, the biennial budget included the \$9 million contingency fund in CY 1997. As a result, the \$9 million provided in the budget for CY 1997 is not currently needed for W-2 contracts. This amount can then be added to the TANF balance available in 1997-98.

The total effect of the changes included in the final budget, the reestimate of 1996-97 expenditures and the reestimate of 1997-98 expenditures and revenues is an increase in TANF balance available in 1997-98 of \$16,775,500.

Allocation of Resources in Milwaukee County

In discussions with various legislators, it has become apparent that the Department needs to clarify the funding of W-2 implementation in Milwaukee County. The biennial budget provided funding to agencies at approximately the Request for Proposal (RFP) level. In Milwaukee County, however, the W-2 agencies bid less than the RFP levels. During contract negotiations with the Milwaukee providers, it became clear that the Milwaukee W-2 agencies had not included several functions in their bids. In some cases, the W-2 agencies mistakenly left components out of the bids and in other cases there was agreement to deal with certain components centrally and outside of the individual bids. Our intention has always been for the Department to deal with these issues within the funding authorized for W-2 implementation in Milwaukee County. The difference between the budgeted amount of \$368,027,300 (excluding the contingency fund) in Milwaukee County over the 28 months of the contract and the initial contracts signed by the Milwaukee providers of \$339,628,100 is \$28,399,200. However, the Department currently has plans for \$26,799,500 of this amount to support implementation of the W-2 program. The W-2 providers were actively involved in the development of the plan for the expenditure of these funds. They recognize that the activities we propose to fund are crucial to the success of the W-2 program in Milwaukee. Depending on action in the 1999-2001 biennial budget, approximately \$1.6 million could be available as carryover in that biennium.

In building the biennial budget for W-2, it was assumed that state expenditures for W-2 benefits would be partially offset by retaining any sanctions that were imposed on recipients. There was thus less funds appropriated than the RFP amounts, which the Department would recover through sanctions. During the contract negotiation process, it became apparent that the W-2 agencies and the state had different understandings as to how benefit sanctions would be handled. The W-2 agencies, both in and out of Milwaukee, assumed that they would be able to retain any sanctions. As a result, they argued that they underestimated the amounts needed

under the contracts by the amount of the sanctions. In recognition of the fact that the Milwaukee W-2 agencies were working with fewer funds per client than agencies outside of Milwaukee, the Department agreed to provide the Milwaukee W-2 agencies a supplement of \$6,134,700 over the 28-month contract equal to the amount that the state expected to retain in sanctions. Any sanctions above that amount can be retained by the W-2 agencies.

The Department will also provide \$10.0 million (\$4.0 million per year) through the CY 1999 end date of the contract to support the Milwaukee Job Center Network (MJCN) infrastructure, which includes information technology host services, connectivity to the network and some occupancy costs related to the Job Centers. These costs are necessary to coordinate the operation of the five Milwaukee W-2 providers and will serve to enhance the integration of the MJCN with W-2 in each of the six Milwaukee W-2 regions. Previously, funding was provided to the Milwaukee Private Industry Council (PIC) under the JOBS/FSET program to support these functions. The Department intends to provide funding for these services directly to W-2 agencies to cover infrastructure needs to enhance the integration of the MJCN with W-2 in the six Milwaukee regions.

The Department will use \$3.75 million to continue the current funding for Milwaukee Area Technical College (MATC) Learning Lab services and will extend these contracts through December 1999 (to coincide with the end of the W-2 Agency Contracts). Learning Labs provide remedial education support to those persons who lack basic skills. Participants in the Learning Labs utilize computers with software dedicated to provide remedial training for those who need it. Learning Labs are typically staffed by coaches to assist participants; however, they are generally available to allow participants to use them at times convenient for them. The Department will contract directly with Milwaukee W-2 providers who in turn will contract with MATC for these services. This will allow the W-2 agencies to influence the direction and responsiveness of the program to the needs of the individual W-2 agencies

The Milwaukee Jobs Initiative (MJl) is an important model for us to participate in as we look for the most effective methods of delivering employment opportunities for low-income persons. MJl's links to employers in various employment sectors will benefit our clients as well as employers looking for workers. MJl will identify skills needed, recruit and train W-2 recipients and develop peer-advisor systems to assist the employees. We think this model has promise as we fully implement W-2. The funding, \$400,000 (\$200,000 in each year), will be provided along with funds from the Department of Commerce to be used as match to private foundation funding. The funds will enable MJl to implement this partnership between local businesses, the PIC, and local organizations.

The Department intends to provide additional funding of \$1,768,400 to W-2 providers through CY 1998 to fund the co-location of Supportive Services Planners (SSPs) currently employed by Milwaukee County and located in county facilities, into each of the six W-2 Milwaukee regions. Because federal waivers have not been granted for the private companies to determine Food Stamp and Medical Assistance (MA) eligibility, county workers, the SSPs, must be co-located at W-2 agencies in Milwaukee and at any other non-county W-2 agency in order to determine

eligibility for not only Medical Assistance and Food Stamps, but also W-2 and child care. They will remain employed by Milwaukee County. Co-location will greatly benefit participants in Milwaukee through enhanced effectiveness and efficiency of "one-stop" services. The funding provided to the W-2 agencies is for the cost of space remodeling and expansion to accommodate the additional staff at each W-2 facility and the transfer of computer and office equipment and reconnection at the new site.

The Department also intends to supplement the Milwaukee County Income Maintenance (IM) contract by \$2,246,400 through CY 1999. This contract supports workers who determine eligibility for W-2, Medical Assistance Food Stamps and child care for W-2-eligible recipients, as well as recipients not eligible for W-2, such as MA for nursing home patients. The funding in the biennial budget was budgeted on a statewide basis. Because Milwaukee County has higher than average costs for staff performing these functions, there was insufficient funding budgeted for this purpose. The Department will supplement the amounts provided by the W-2 agencies to Milwaukee County for these functions by \$2,246,400 in order to fully fund the cost of these staff.

Finally, the Department has budgeted \$2.5 million through CY 1999 to contract with a local Milwaukee organization or organizations to work in partnership with the Department in centrally administering projects that affect multiple W-2 regions in Milwaukee County. These projects include ensuring effective management and administration of the Job Centers, public relations, organization of employer summits for all W-2 agencies, coordination of the Community Steering Committee and Children Services Network, coordination of the county-wide transportation initiative, and resolution of cross-jurisdictional issues. Given its roles in monitoring and oversight of W-2 in Milwaukee County, the Department has entered into negotiations with the Milwaukee PIC to perform these functions. This W-2 multi-region consolidated and coordinated administration is necessary to ensure consistency and integration of W-2 administration across the five Milwaukee W-2 Agencies in the six W-2 regions.

I want to reiterate that all of these projects will be provided with the funding available. Their inclusion in our TANF block grant plan is intended to clarify any confusion on how the difference between the Milwaukee RFP levels and the original Milwaukee agency bids was to be allocated. In total, the Department intends to contract an additional \$26,799,500 to either the W-2 agencies, the PIC or Milwaukee County. This leaves a difference of \$1,963,600 between the RFP levels and total expected contracts. However, because the biennial budget provided \$363,900 less than the RFP levels, the net amount that may be available in 1999-2001 is approximately \$1.6 million, depending on action in the next biennial budget. The chart below that shows the funding amounts available to Milwaukee agencies for W-2 activities.

	CY 1997	CY 1998	CY 1999	Total
Funds Available	\$60,910,100	\$174,543,800	\$132,573,400	\$368,027,300
Commitments:				
Base Contracts	56,099,700	156,953,400	126,575,000	339,628,100
Sanction Supplement	1,046,600	2,946,600	2,141,500	6,134,700
Job Center Network	2,000,000	4,000,000	4,000,000	10,000,000
Learning Labs	750,000	1,500,000	1,500,000	3,750,000
Milwaukee Jobs Initiative		200,000	200,000	400,000
SSP Facilities	534,200	1,234,200		1,768,400
IM Supplement		1,231,600	1,014,800	2,246,400
Multi-Region Coordination	<u>500,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,500,000</u>
Total Commitments	\$60,930,500	\$169,065,800	\$136,431,300	\$366,427,600
Uncommitted Funding	(\$20,400)	\$5,478,000	(\$3,857,900)	1,599,700

The Department will continue to update the Committee on the expenditure of funds as required by the statutes as additional information becomes available.

Sincerely,



Linda Stewart
Secretary

1997-98 TANF EXPENDITURE PLAN
December 3, 1997

SFY 98
Jul. 97 - Jun. 98

Revenues

Current GPR Appropriation	170,447,300
Federal TANF Block Grant	317,598,200
Federal Child Care Block Grant	54,464,600
Other Federal Revenues	12,242,100
Carryover of TANF	113,476,600
Child Support Collections	<u>49,538,600</u>
Total Revenues	\$717,767,400

Expenditures

Current Program Expenditures	
AFDC Benefits	26,450,000
JOBS Services	15,079,800
IM County Administration and Overmatch	6,665,600

Ongoing Expenditures	
State Administration	33,306,000
Emergency Assistance	3,300,000
Burials	3,300,000
Learnfare Case Management	2,619,100
Local Learnfare Projects	450,000
Children First	1,316,400
County Fraud and Front End Verification	588,000

W-2 Agency Contract Allocations	
Subsidized Employment	146,375,100
W-2 Office Costs	125,967,000
Long-Term and Refugee Supplement	8,200,000
Two-Parent Family Subsidy	0
W-2 Agency Contingency Fund	25,000,000
Reserve for Benefit Payments for Milwaukee	11,000,000
Milwaukee PIC	1,000,000

Child Care	
Direct Child Care Services	155,547,200
Indirect Child Care Services	6,002,400

Job Access Loans	3,645,600
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Employment Skills Advancement Grants	833,300
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Other Expenditures	
Child Support Payments	30,791,500
Child Support Incentives to Local Agencies	3,178,000
PFE	3,898,400
School-to-Work	245,100
Kinship Care Assistance	15,720,400
Children of SSI Parents	1,570,700
New Hope	1,560,000
Transportation*	1,000,000
Transfer to DHFS/Community Aids	31,800,000
Hospital Paternity Incentives	54,000
Milwaukee County Liaison	59,200
SSI Reserve	14,000,000
Passports for Youth	<u>500,000</u>
Total Expenditures	\$681,022,800

Balance in Federal TANF Funds	\$36,744,600
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*The amounts shown have been placed in the Joint Finance Committee's program supplements appropriation